

What Happens to Your Tax Return

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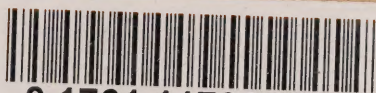
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Understanding **INCOME TAX**



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Ce dépliant est aussi disponible en français.

Copies of this leaflet are available free of charge from district taxation offices.

As you close the slot of the mailbox, the annual rite of filing your income tax return is behind you for yet another year. At the same time, another process is just beginning.

Your return is about to join the tax returns of millions of other Canadian taxpayers in a procedure that will see it sorted, assessed, programmed into a computer, labelled, checked and, if necessary, corrected. Several thousand temporary employees have been hired to supplement the permanent staff at the taxation centres where your completed tax return may be one of as many as 250,000 to 600,000 received per day.

Depending on where you live in Canada, your return will be processed at a taxation centre in St. John's (Newfoundland), Jonquièrre or Shawinigan-Sud (Québec), Ottawa or Sudbury (Ontario), Winnipeg (Manitoba), or Surrey (British Columbia).

The taxation centres are at their busiest between February and June when additional staff are required to handle the volume of mail. A large number of refund returns are received in mid-March, while approximately one half of all returns arrive near the April 30 deadline.

In a matter of weeks you may be on the way to the bank with a refund cheque but in the meantime, your tax return has quite a journey ahead of it.

Arriving at the tax centre

The envelopes containing tax returns are opened mechanically. Any receipts and correspondence you included are then attached to your return in a given order. If you have sent a letter requiring a response, your return is forwarded to a section that handles correspondence.

Returns with payments enclosed are sent directly to the cash section where the amount on each cheque is verified against the amount indicated on the return. Cheques are put into bundles, endorsed mechanically and microfilmed. Once the amount is credited to your tax account by computer, the cheque is banked and your return continues on its way.

Preparing the tax return

Next stop is the section where returns with no remittance payments have already been forwarded directly from the mailroom. Assessors examine your tax return to ensure you have properly completed it for computer processing. They check to see that you have enclosed the necessary information slips and receipts and that the amounts shown correspond to the amounts you entered on your return.

If your tax return is missing information or receipts, it must be pulled from the mainstream of returns while the rest move on to the next phase of the process. Every year approximately 800,000 returns are filed without all the necessary information. A correspondence section handles thousands of incomplete returns daily and must notify each taxpayer, usually in writing, of the need for additional data. Meanwhile, your return comes to a standstill because it can't be processed until the

information or additional receipts are received. If you do not reply to the request for information within 15 days, your return may be adjusted and your refund subsequently reduced.

Each year, three out of every four Canadian taxpayers get refunds, but the biggest single cause of delay in issuing them is lack of information on your tax return. It may be receipts for charitable donations, your registered retirement savings plan or tuition fees. Perhaps you forgot to include a schedule of fees for your moving expenses or merely omitted your spouse's name or children's ages on your tax return. You may have simply neglected to sign your completed return. Whatever the reason, these omissions will mean a delay in the processing of your return and the issuing of your refund cheque.

When your tax return is ready for the next phase of the process, it is assigned a locator number, which allows it to be traced by computer if it needs to be withdrawn from the system at some point. Returns remain in their numerical order throughout the rest of the process.

Processing the tax return

Individual tax returns are processed by direct data entry. Information from your return is keyed into a terminal that looks like a typewriter and is connected directly to a computer. As the necessary data is entered, it appears on a television-like screen in front of the operator. The direct entry of data has replaced the keypunch process of earlier years for handling tax returns and is responsible for the efficient, quick processing of millions of returns.

The computer checks the identification of each taxpayer and verifies the calculations, passing on

correct returns and alerting the operator to those with errors. The main computer is probably one of the most elaborate and advanced in Canada. It is capable of calculating and checking all the facts and figures provided by millions of Canadian taxpayers. It automatically applies any tax credit or previous balance owing and recorded in its memory banks. The same computer produces information on tape for printing assessment notices, explanations of errors and refunds. It will also update each person's individual records with the latest information.

Most errors on the tax return can be detected by the computer. An explanation of any changes will be included on the notice of assessment you receive in the mail. When corrections are made, the majority of changes are in favor of the taxpayer.

If your tax return is one of the small number that cannot be fully corrected at the data processing stage, it will be forwarded to another section where it is re-examined and corrected as necessary. If not, your return is then given a special label to indicate that its processing at the taxation centre is complete.

Notices of assessment

At the Centre, assessment notices are then printed and sent to taxpayers who are not receiving refunds. Computer tapes indicating taxpayer refunds are forwarded to the Department of Supply and Services. Your refund cheque and assessment notice will be issued and mailed to you from there.

When you have received your notice of assessment, you may decide it's time to throw away all those extra receipts and slips you've been saving. But do yourself a favour – don't discard anything yet. When

the post-assessing program begins at the taxation centre, you may be asked to present your receipts as proof of a deduction or expense claimed on your tax return. If you can't provide the necessary receipts, your claim may be disallowed, thereby increasing your tax.

Storage

Once your tax return has been processed, it is stored at the taxation centre. However, if you have any questions about your assessment or refund, you should contact your district office. If it is necessary to consult your file, you should allow two weeks so that it can be retrieved from storage in the relevant taxation centre.

How long does it take?

In all, you can normally expect a wait of at least eight weeks between the time you send in your completed tax return and the time you receive your refund. Depending on the complexity of your return, whether there have been errors or omissions and whether it is among the millions of returns that arrive around the end of April, the process may take several weeks longer.

The staff and computer can handle only a certain number of returns at one time and they are processed in the order received. At the taxation centres, returns are checked and computer-processed at a rate of almost 225,000 a day.

And the cycle begins again...

Even before the rush is over at the centres, preparations are under way for the next filing

season. Problem areas are looked into with the aim of improving next year's taxation process.

By August, the return for that year must be finalized since there are not one but some 74 different tax returns to be printed. Each province has its own tax credits and rates, and this requires a different form in both official languages. Tax returns are also coded for each of the 30 district offices, and must be issued in a personalized format to every taxpayer who filed a return last year. The return will be in English or French depending on the language of the form you filed the preceding year.

By the time you get your tax return, much time and effort have already gone into the process. When you drop your completed return in the mailbox, a great deal more will follow as the cycle begins again.

District taxation offices

NEWFOUNDLAND

01 - 165 Duckworth St.
St. John's, Nfld.
A1C 5X6
Local calls: 772-5050
Long distance calls:
1-772-5060

PRINCE EDWARD ISLAND

02 - 90 Richmond St.
Charlottetown, P.E.I.
C1A 8L3
Local calls: 566-7200
Long distance calls:
1-566-7200

NOVA SCOTIA

03 - 1557 Hollis St.
Halifax, N.S.
B3J 2T5
Local calls: 426-2210
Long distance calls:
1-426-3360

04 - 60 Dorchester St.
Sydney, N.S.
B1P 6K3
Local calls: 564-7080
Long distance calls:
1-564-7081

NEW BRUNSWICK

05 - 65 Canterbury St.
Saint John, N.B.
E2L 4H9
Local calls: 648-4600
Long distance calls:
1-800-222-9622

786 King Ave.
Bathurst, N.B.
E2A 1R5
Local calls only: 548-4407

QUEBEC

06 - 165 Pointe aux Lievres St. S.
Quebec, Québec
G1K 7L3
Local calls: 648-3180
Long distance calls:
- From area code 418, dial
1-800-463-4421
- From area code 819, dial
1-800-463-4413

55 Racine St. E.
Chicoutimi, Québec
G7H 1P9
Local calls only: 545-1912

411 Sirois St.
Rimouski, Québec
G5L 8B2
Local calls only: 722-3111

1055 des Forges Blvd.
Trois Rivières, Québec
Local calls only: 373-2723

07 - 50 Couture St.
Sherbrooke, Québec
J1H 5L8
Local calls: 565-4888
Long distance calls:
1-800-567-6184

08 - 305 Dorchester Blvd. W.
Montréal, Québec
H2Z 1A6
Local calls: 283-5300
Long distance calls:
Zenith 0-4000

46 - 3131 St. Martin Blvd. W.
Laval, Québec
H7T 2A7
Local calls only: 283-5300

47 - 5245 Cousineau Blvd.
St. Hubert, Québec
J3Y 7Z7
Local calls only: 283-5300

09 - 11 Terminus St. E.
Rouyn, Québec
J9X 3B5
Local calls: 764-5171
Long distance calls:
Zenith 0-4000

ONTARIO

10 - 360 Lisgar St.
Ottawa, Ont.
K1A 0L9
Local calls: 598-2275
Long distance calls:
- From area code 613, dial
1-800-267-8440
- From area code 819, dial
1-800-267-4735

11 - 385 Princess St.
Kingston, Ont.
K7L 1C1
Local calls: 542-2831
Long distance calls:
1-800-267-0922

12 - 11 Station St.
Belleville, Ont.
K8N 2S3
Local calls: 962-8611
Long distance calls:
1-800-267-2130

13 - 36 Adelaide St. E.
Toronto, Ont.
M5C 1J7
Local calls: 869-1500
Long distance calls:
- From area code 416, dial
1-800-387-1700
- From area codes 519, 705, dial
1-800-387-1710

14 - 150 Main St. W.
Hamilton, Ont.
L8N 3E1
Local calls: 522-8671
Long distance calls:
- From area code 416, dial
1-800-263-9200
- From area code 519, dial
1-800-263-9210

15 - 166 Frederick St.
Kitchener, Ont.
N2G 4N1
Local calls: 579-2230
Long distance calls:
1-800-265-2530

16 - 32 Church St.
St. Catharines, Ont.
L2R 3B9
Local calls: 688-4000
Long distance calls:
1-800-263-5672

17 - 451 Talbot St.
London, Ont.
N6A 5E5
Local calls: 679-4211
Long distance calls:
1-800-265-4900

18 - 185 Ouellette Ave.
Windsor, Ont.
N9A 5S8
Local calls: 258-8302
Long distance calls:
1-800-265-4841

19 - 19 Lisgar St. S.
Sudbury, Ont.
P3E 3L5
Local calls: 675-0581
Long distance calls:
1-800-461-4060

20 - 201 North May St.
Thunder Bay, Ont.
P7C 3P5
Local calls: 623-3443
Long distance calls:
1-800-465-6981

MANITOBA

21 - 391 York Ave.
Winnipeg, Man.
R3C 0P5
Local calls: 949-6350
Long distance calls:
1-800-282-8079

SASKATCHEWAN

22 - 1955 Smith St.
Regina, Sask.
S4P 2N9
Local calls: 359-6015
Long distance calls:
800-552-8031

23 - 201 - 21st St. E.
Saskatoon, Sask.
S7K 0A8
Local calls: 665-4595
Long distance calls:
800-772-8737

ALBERTA

24 - 220 - 4th Ave. S.E.
Calgary, Alta.
T2G 0L1
Local calls: 231-4101
Long distance calls:
1-800-332-1410

25 - 9820 - 107th St.
Edmonton, Alta.
T5K 1E8
Local calls: 420-3510
Long distance calls:
1-800-232-1966 (Alta.)
Northwest Territories and
Northeastern B.C.
1-800-661-5620

BRITISH COLUMBIA

26 - 277 Winnipeg St.
Penticton, B.C.
V2A 1N6
Local calls: 493-3616
Long distance calls:
1-800-642-8259

27 - 1166 West Pender St.
Vancouver, B.C.
V6E 3H8
Local calls: 689-5411
Long distance calls:
112-800-663-9033
Yukon Territory and
Northeastern B.C.:
1-800-663-0451

28 - 1415 Vancouver St.
Victoria, B.C.
V8V 3W4
Local calls: 388-0121
Long distance calls:
112-800-742-6108

Long Distance Calls: No charge
to caller in Canada.
- For Zenith numbers, dial "0" and
ask for Zenith 0-4000
- For other numbers, dial direct

Number for
Hearing Impaired:
1-800-665-0354